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**Nova Scotia Utility and
Review Board
Financial Statements**
March 31, 2002

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Auditors' Report

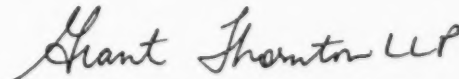
To the Chair and Members of the
Nova Scotia Utility and Review Board

We have audited the balance sheet of the Nova Scotia Utility and Review Board as at March 31, 2002, and the statements of operations, accumulated surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002, and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Nova Scotia
June 18, 2002


Chartered Accountants

Nova Scotia Utility and Review Board

Statement of Operations

Year Ended March 31	2002	2001
Revenue		
Grant from the Province of Nova Scotia (Note 2)	\$ 2,030,000	\$ 2,099,000
Assessments to utilities (Note 2)	657,231	581,125
Recoveries (Notes 2 and 10)	771,329	1,202,648
Interest	<u>44,029</u>	<u>33,935</u>
	<u>3,502,589</u>	<u>3,916,708</u>
Expenses		
Salaries, wages and benefits	2,313,968	2,256,077
Rent and business taxes (Note 11)	410,733	381,355
Consulting and legal fees	318,746	824,431
Travel	174,168	186,193
Advertising	43,958	44,596
Office supplies and services	40,640	46,702
Dues and fees	38,780	35,684
Transcribing and printing	37,379	60,757
Telecommunications	22,683	81,642
Depreciation	20,973	46,490
Equipment (Note 3)	19,490	21,475
Maintenance	18,008	26,840
Books and reports	14,346	17,023
Postage and couriers	9,392	10,605
Sundry expenses	3,998	4,691
Staff training and development	<u>3,615</u>	<u>6,501</u>
	<u>3,490,877</u>	<u>4,051,062</u>
Operating surplus (deficit) for the year	\$ <u>11,712</u>	\$ <u>(134,354)</u>

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Statement of Accumulated Surplus

Year Ended March 31

	2002		
	Province of Nova Scotia	Public Utilities	Total
Restricted (Note 13)			
Balance, beginning of year	\$ 248,625	\$ 103,505	\$ 352,130
Transferred from general	<u>19,656</u>	<u>1,507</u>	<u>21,163</u>
Balance, end of year	<u>268,281</u>	<u>105,012</u>	<u>373,293</u>
General			
Balance, beginning of year	288,899	156,933	445,832
Operating deficit	8,848	2,864	11,712
Transferred to restricted	<u>(19,656)</u>	<u>(1,507)</u>	<u>(21,163)</u>
Balance, end of year	<u>278,091</u>	<u>158,290</u>	<u>436,381</u>
Total accumulated surplus	\$ <u>546,372</u>	\$ <u>263,302</u>	\$ <u>809,674</u>

	2001		
	Province of Nova Scotia	Public Utilities	Total
Restricted (Note 13)			
Balance, beginning of year	\$ -	\$ -	\$ -
Transferred from general	<u>248,625</u>	<u>103,505</u>	<u>352,130</u>
Balance, end of year	<u>248,625</u>	<u>103,505</u>	<u>352,130</u>
General			
Balance, beginning of year	642,746	289,570	932,316
Operating deficit	(105,222)	(29,132)	(134,354)
Transferred to restricted	<u>(248,625)</u>	<u>(103,505)</u>	<u>(352,130)</u>
Balance, end of year	<u>288,899</u>	<u>156,933</u>	<u>445,832</u>
Total accumulated surplus	\$ <u>537,524</u>	\$ <u>260,438</u>	\$ <u>797,962</u>

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Balance Sheet

March 31 2002 2001

Assets

Current

Cash and cash equivalents (Notes 3 and 6)		
Board operations	\$ 1,188,033	\$ 850,006
War Service pension	-	167,756
Public service award	353,505	300,712
Accounts receivable (Note 4)	375,013	379,489
Inventory (Note 5)	3,279	3,437
	<u>1,919,830</u>	<u>1,701,400</u>
Service award advances	8,729	10,604
Capital assets	<u>53,293</u>	<u>67,130</u>
	<u>\$ 1,981,852</u>	<u>\$ 1,779,134</u>

Liabilities

Current

Payables and accruals	\$ 252,609	\$ 255,137
Due to related parties	<u>456,109</u>	<u>132,567</u>
	<u>708,718</u>	<u>387,704</u>

Long term

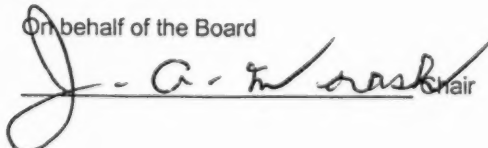
War Service pension liability (Note 7)	-	167,756
Public service award liability (Note 8)	338,460	300,712
Advances for working capital (Note 9)	<u>125,000</u>	<u>125,000</u>
	<u>463,460</u>	<u>593,468</u>
	<u>1,172,178</u>	<u>981,172</u>

Surplus (Note 2)

Restricted (Note 13)	373,293	352,130
General	<u>436,381</u>	<u>445,832</u>
	<u>809,674</u>	<u>797,962</u>
	<u>\$ 1,981,852</u>	<u>\$ 1,779,134</u>

Commitment (Note 11)

On behalf of the Board

 Chair

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board **Statement of Capital Assets**

Year Ended March 31, 2002

	Cost			Accumulated Depreciation			2002 Net Book Value	2001 Net Book Value
	Opening	Additions	Deletions	Closing	Opening	Expense		
Furniture	\$ 151,035	\$ -	\$ -	\$ 151,035	\$ 120,876	\$ 4,726	\$ 25,433	\$ 30,159
Computer	144,741	4,491	-	149,232	143,310	2,928	2,994	1,431
Equipment	10,402	1,605	-	12,007	5,743	3,286	2,978	4,659
Computer software	62,244	1,040	-	63,284	31,363	10,033	21,888	30,881
Total	\$ 368,422	\$ 7,136	\$ -	\$ 375,558	\$ 301,292	\$ 20,973	\$ 53,293	\$ 67,130

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Statement of Cash Flows

Year Ended March 31

2002

2001

Increase (decrease) in cash and cash equivalents

Operating		
Operating surplus (deficit)	\$ 11,712	\$ (134,354)
Depreciation	<u>20,973</u>	<u>46,490</u>
	32,685	(87,864)
 Change in non-cash operating working capital (Note 12)	 <u>327,523</u>	 <u>822,595</u>
	<u>360,208</u>	<u>734,731</u>
 Financing		
Decrease in War Service pension liability	(167,756)	(12,105)
Increase in Public service award liability	<u>37,748</u>	<u>25,520</u>
	<u>(130,008)</u>	<u>13,415</u>
 Investing		
Purchase of capital assets	<u>(7,136)</u>	<u>(12,753)</u>
 Net increase in cash and cash equivalents	 223,064	 735,393
 Cash and cash equivalents		
Beginning of year	<u>1,318,474</u>	<u>583,081</u>
 End of year	 \$ <u>1,541,538</u>	 \$ <u>1,318,474</u>

See accompanying notes to the financial statements.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

March 31, 2002

1. Incorporation

The Nova Scotia Utility and Review Board was created on December 14, 1992, through the proclamation of the *Utility and Review Board Act*, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

2. Authority

The Nova Scotia Utility and Review Board has those functions, powers and duties conferred upon it through Section 4 of the *Utility and Review Board Act*. Section 15(1) of the *Public Utilities Act* requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Regulations made pursuant to Sections 41 and 42 of the *Gas Distribution Act* allow the Board to recover certain expenses for activities relating to that Act. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

3. Summary of significant accounting policies

a) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

b) Short term investments

Short term investments are valued at cost plus interest accrued to year end, which approximates market value.

c) Capital assets

Capital assets purchased by the Board with a value greater than \$1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Furniture	10 years
Computer equipment	3 years
Computer software	3 years
Equipment	5 years

Nova Scotia Utility and Review Board

Notes to the Financial Statements

March 31, 2002

3. Summary of significant accounting policies (continued)

d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short term investments. Bank borrowings are considered to be financing activities.

4. Accounts receivable	<u>2002</u>	<u>2001</u>
Due from related parties	\$ 132,760	\$ 246,070
Trade	<u>242,253</u>	<u>133,419</u>
	<u>\$ 375,013</u>	<u>\$ 379,489</u>

5. Inventory

Inventory consists of Daily Vehicle Trip Inspection books held for resale. Cost is determined using the first-in, first-out method of valuation.

6. Pledged assets

The Board has an operating line of credit of \$150,000 of which none has been used at March 31, 2002. As security, the Board has pledged short term investments.

7. Pensions

Public service superannuation fund

Pursuant to Section 10 of the *Utility and Review Board Act*, all full time employees of the Board are entitled to receive pension benefits under the *Public Service Superannuation Act*. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Board is not responsible for any unfunded liability.

War Service pension liability

Employees of the Board are entitled to purchase service credits for certain years of war service. Increases in an employee's pension as a result of the purchase of war service credits were the responsibility of the Board in prior years and were billed to the Board as pensions were paid. During the year the Province of Nova Scotia voluntarily assumed this obligation as part of an administrative simplification initiative.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

March 31, 2002

8. Public service award liability

The Board follows provisions similar to those found in the *Civil Service Act* with respect to the payment of public service awards to retiring employees. The Board is responsible for the funding and eventual payment of these awards.

9. Advances for working capital

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

	<u>2002</u>	<u>2001</u>
Province of Nova Scotia	\$ <u>125,000</u>	\$ <u>125,000</u>

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the *Public Utilities Act*. The advance is non-interest bearing, with no set terms of repayment.

10. Recoveries

Consultants are engaged by the Board to provide advice related to utility and natural gas administration and operations and to provide expert testimony during hearings. Consulting fees for specific hearings are generally recovered directly from the entities involved.

The Board also recovers certain transcription, copying and other expenses from various sources.

Nova Scotia Utility and Review Board

Notes to the Financial Statements

March 31, 2002

11. Commitments

The Nova Scotia Utility and Review Board has entered into an agreement to lease its premises until October 31, 2009. The annual rent of premises consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, not including common costs, in aggregate and for each of the next five years is as follows:

2003	\$ 202,342
2004	202,342
2005	205,353
2006	209,569
2007	209,569
Subsequently	<u>541,385</u>
	<u>\$ 1,570,560</u>

Approximately 1,000 square feet of the Board's premises has been sublet to the Department of Transportation and Public Works for space occupied by the Nova Scotia Police Commission.

12. Supplemental cash flow information

Change in non-cash operating working capital

	<u>2002</u>	<u>2001</u>
Accounts receivable	\$ 4,476	\$ 801,883
Inventory	158	517
Service award advances	1,875	1,770
Payables and accruals	<u>321,014</u>	<u>18,425</u>
	<u>\$ 327,523</u>	<u>\$ 822,595</u>

13. Restricted surplus

Certain amounts of surplus have been restricted as necessary for ongoing and future operations of the Board. Details are as follows:

	Province of Nova Scotia	Public Utilities	<u>2002</u> <u>Total</u>	<u>2001</u> <u>Total</u>
Working capital	\$ 101,043	\$ 48,957	\$ 150,000	\$ 150,000
Tangible capital assets	34,768	18,525	53,293	67,130
Deferred capital expenditures	<u>132,470</u>	<u>37,530</u>	<u>170,000</u>	<u>135,000</u>
	<u>\$ 268,281</u>	<u>\$ 105,012</u>	<u>\$ 373,293</u>	<u>\$ 352,130</u>

Nova Scotia Utility and Review Board

Notes to the Financial Statements

March 31, 2002

14. Related party transactions

The Nova Scotia Utility and Review Board is a quasi-judicial tribunal operating at arms length from the Government of the Province of Nova Scotia. A significant amount of the funding for the Board is provided from the Consolidated Fund of the Province through a public service vote.

The Department of Transportation and Public Works for the Province of Nova Scotia sublets approximately 1,000 square feet of the Board's premises on behalf of the Nova Scotia Police Commission. The Board recovers the cost of the sublet space from the Department.

Direct expenses and a portion of salary costs incurred by the Board in relation to its adjudicative duties pursuant to the *Liquor Control Act*, *Gaming Control Act* and *Theatre and Amusements Act* are recovered from the Province through the Alcohol and Gaming Authority of the Department of Environment and Labour.

In previous fiscal years, the Province charged the Board for use of its mobile radio system. During fiscal 2002 the Province simplified administration of the system and now accounts for charges centrally. Allocations for fiscal year 2001 have been included in telecommunications expense for that year.

The Board purchases certain stationery supplies from the central government stationery stockroom. Purchases are included in office supplies expense.

Transactions with the Province by financial statement category are as follows:

	<u>2002</u>	<u>2001</u>
Statement of Operations:		
Grant from the Province of Nova Scotia	\$ 2,030,000	\$ 2,099,000
Recoveries:		
Premises sublet to Province	24,570	24,570
Alcohol, gaming and amusements adjudicative costs	118,935	99,787
Telecommunications expense	-	58,291
Office supplies expense	7,151	11,285
Balance Sheet:		
Accounts receivable (Note 4)	114,893	194,257
Payables and accruals	452,809	132,567
Advances for working capital (Note 9)	125,000	125,000
Surplus	546,372	537,524

To minimize cost to government, some administrative support is provided by the Board to other agencies, in particular the Nova Scotia Police Commission and the Freedom of Information and Protection of Privacy Review Office (FOIPOP Review Office). The Board recovers some shared support costs and any direct expenses incurred on behalf of these agencies

Nova Scotia Utility and Review Board

Notes to the Financial Statements

March 31, 2002

14. Related party transactions (continued)

Transactions with the Nova Scotia Police Commission by financial statement category are as follows:

	<u>2002</u>	<u>2001</u>
Balance Sheet:		
Accounts receivable	\$ 391	\$ 609

Transactions with the FOIPOP Review Office by financial statement category are as follows:

	<u>2002</u>	<u>2001</u>
Statement of Operations:		
Recoveries	\$ 12,000	\$ 11,800
Balance Sheet:		
Accounts receivable	17,476	51,204
Accounts payable	3,300	-

15. Comparative figures

Certain of the comparative figures for 2001 have been reclassified to conform to the financial statement presentation adopted for the fiscal year 2002.